

**UNITED STATES BANKRUPTCY COURT
FOR THE NOTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

In re: A&O LIFE FUND, LLC Debtor.	Chapter 11 Case No. 09-32678 Hon. A. Benjamin Goldgar
In re: A&O RESOURCE MANAGEMENT, LLC Debtor.	Chapter 11 Case No. 09-32677 Hon. A. Benjamin Goldgar
In re: A&O BONDED LIFE SETTLEMENT, LLC Debtor.	Chapter 11 Case No. 09-32681 Hon. A. Benjamin Goldgar
In re: A&O BONDED LIFE ASSETS, LLC Debtor.	Chapter 11 Case No. 09-32679 Hon. A. Benjamin Goldgar
In re: LIFE FUND, 5.1, LLC Debtor.	Chapter 11 Case No. 09-32672 Hon. A. Benjamin Goldgar
In re: LIFE FUND, 5.2, LLC Debtor.	Chapter 11 Case No. 09-32674 Hon. A. Benjamin Goldgar
In re: HOUSTON TANGLEWOOD PARTNERS, LLC Debtor.	Chapter 11 Case No. 09-32676 Hon. A. Benjamin Goldgar

NOTICE OF MOTION

To: See attached Service List

PLEASE TAKE NOTICE that on **Wednesday, September 23, 2009 at 9:30 a.m.** or as soon thereafter as counsel may be heard, we will appear before United States Bankruptcy A. Benjamin Goldgar, or any other judge sitting in his stead, in Courtroom 613 of the Dirksen Federal Building, 219 S. Dearborn St., Chicago, Illinois, on the attached **DEBTORS' MOTION FOR AN ORDER DIRECTING JOINT ADMINISTRATION OF THEIR RELATED CHAPTER 11 CASES**, at which time and place you may appear as you see fit.

A&O LIFE FUND, et. al.
Debtors and Debtors in Possession

By: /s/ Miriam R. Stein
One of Their Proposed Attorneys

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NORTHERN DISTRICT OF ILLINOIS

SEP 10 2009

KENNETH S. GARDNER, CLERK
TEAM - A

CERTIFICATE OF SERVICE

I, Miriam R. Stein, an attorney, certify that I caused a copy of the Notice of Motion and Motion to be served on the parties listed on the attached service list by U.S. Mail with proper postage prepaid and by the Court's ECF System to those entities entitled to electronic service, on September 10, 2009.

By: /s/ Miriam R. Stein
One of Their Proposed Attorneys

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DEBTORS' MOTION FOR AN ORDER DIRECTING JOINT ADMINISTRATION OF THEIR RELATED CHAPTER 11 CASES

A&O Life Fund; A&O Bonded Life Assets; A&O Bonded Life Settlement; A&O Resource Management; Life Fund 5.1, LLC; Life Fund 5.2, LLC; and Houston Tanglewood Partners, LLC , debtors and debtors in possession ("Debtors"), move this Court ("Motion") pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure ("Bankruptcy Rules") for entry of an order directing the joint administration of the Debtors' chapter 11 cases. In support of this Motion, the Debtors respectfully state as follows:

JURISDICTION

1. This Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§157 and 1334. Venue is proper in this District pursuant to 28 U.S.C. §§1408 and 1409. Consideration of this Motion is a core proceeding pursuant to 28 U.S.C. §157(b)(2). The statutory predicates for the relief requested herein are 11 U.S.C. § 101(2)(B) and Rule 1015(b) of the Federal Rules of Bankruptcy Procedure.

BACKGROUND

2. On September 2, 2009 ("Petition Date"), the Debtors filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code. Since the Petition Date, the Debtors have operated their businesses and managed their assets as debtors in possession. No trustee, committee or examiner has been appointed in any of the Debtors' cases.

3. The Debtors are each limited liability companies. Life Fund 5.1 LLC, A&O Bonded Life Assets, LLC, Life Fund 5.2 LLC, A&O Bonded Life Settlements, LLC and

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A&O Life Fund LLC are Illinois limited liability companies. The remaining two companies – Houston Tanglewood Partners LLC and A&O Resource Management LLC – are Texas limited liability companies. Each of the Debtors' business office is located at 203 N. LaSalle, Suite 2100, Chicago, Illinois. Life Funds LP and its managing member Physicians Trust LLC are directly or indirectly the managing member and/or controlling entity of each of the seven Debtors.

4. The Debtors operate in the life settlement industry. The Debtors operational funds came from investor contributions. The Debtors used the investment funds to purchase life insurance policies and create a reserve account to satisfy policy premiums for the duration of the policy (i.e. until the insured's demise). The insurance proceeds collected upon maturity of any policies were to be distributed to the investors. The Debtors' operations, including the payment of policy premiums and distribution of proceeds, were managed by Shepherd Capital Management LLC.

5. The Debtors' life insurance policies have a total face value of over \$178,000,000 and a total current cash value of more than \$3,000,000.

6. An escrow account was established pre-petition at Prestige Title, Inc., a corporation organized and existing under the laws of the State of Mississippi, to hold all of the reserve funds of the Debtors which were used to pay insurance premiums.

7. On February 13, 2009, Wachovia Bank N.A. filed a Complaint for Interpleader, Declaratory Judgment and Other Related Relief against Prestige Title, Inc. and other related entities to Prestige Title in the Chancery Court of Harrison County, Mississippi, Second Judicial District. In its Complaint, Wachovia Bank alleged that Prestige Title improperly withdrew funds from various escrow accounts held by Prestige

Title and used funds for purposes other than the intended purpose of the escrow account, without notice to or consent by the account holder.

8. Upon information and belief, most (if not all) of the Debtors' reserve funds held in escrow at Prestige Title were transferred from the accounts by representatives of Prestige Title. Due to the Wachovia litigation, all of the escrow and corporate funds held at Prestige Title have been frozen since approximately February 2009. To date, the Debtors have been unable to access any of those funds to pay the required policy premiums on the various insurance policies.

9. Many of the insurance companies insuring the policies have commenced proceedings to terminate the policies due to the non-payment of policy premiums. As a result of these factors, the Debtors have found it necessary to commence these chapter 11 cases to preserve the value of the insurance policies.

RELIEF SOUGHT

10. By this Motion, the Debtors respectfully request that this Court enter an order pursuant to FRBP 1015(b) directing the joint administration of the Debtors' chapter 11 cases.

11. These chapter 11 cases involve seven (7) affiliated Debtors. Most, if not all, of the motions, applications, and other pleadings that will be filed in these chapter 11 cases will relate to relief jointly sought by all of the Debtors. For example, all of the relief the Debtors seek in the first day motions, filed along with this Motion, is on behalf of all the Debtors. For this reason, the Debtors believe that the interests of the Debtors, their creditors, and other parties in interest would be best served by the joint administration of these chapter 11 cases. The joint administration of these cases will

also ease the administrative burden on the Court by allowing the Debtors to be administered as a single joint proceeding rather than seven (7) separate chapter 11 cases.

12. In order to administer the Debtors' chapter 11 cases as efficiently as possible, such cases should be jointly administered under the case number assigned to A&O Life Funds, LLC. The Debtors also respectfully request the Clerk of the Court maintain one file and one docket for all of the Debtors' chapter 11 cases, which file and docket should be the file and docket for A&O Life Funds, LLC, Case No. 09-32678.

13. Finally, the Debtors request that the Court enter an order directing that any creditor filing a proof of claim against any of the Debtors be required to file such proof of claim in the chapter 11 case of the respective Debtor against whom such claim is asserted.

BASIS FOR RELIEF

14. Pursuant to Rule 1015(b) of the Bankruptcy Rules, if two or more petitions are pending in the same court by a debtor and an affiliate, "the Court may order a joint administration of the estates." Fed. R. Bankr. P. 1015(b). In this case, Life Funds LP is either directly or indirectly the managing member and/or controlling entity of each of the Debtors. The Debtors are therefore affiliates within the meaning of section 101(2)(B) of the Bankruptcy Code and, accordingly, this Court has authority to grant the relief requested.

15. The joint administration of these chapter 11 cases will promote efficiency and ease the administrative burden on the Court and all parties in interest. It will permit the Clerk of the Court to utilize a single docket for all of the cases, creating a centralized

location for the numerous documents that are likely to be filed in these cases and orders entered by the Court. Joint administration also allows parties in interest to easily remain apprised of the matters before the Court.

16. Joint administration of these chapter 11 cases will not prejudice or adversely affect the rights of the Debtors' creditors because the relief sought is purely procedural and is not intended to affect substantive rights. As these chapter 11 cases involve seven (7) individual Debtors, the joint administration will significantly reduce the volume of paper that otherwise would be filed with the Clerk of this Court, will render the completion of various administrative tasks less costly, and will minimize the number of unnecessary delays.

17. For these reasons, the Debtors believe that the relief requested should be granted as it is in the best interests of the Debtors and their estates and will reduce the administrative burdens on the Court and all parties in interest.

NOTICE AND PRIOR APPLICATION

18. Notice of this Motion has been given to (a) the Office of the United States Trustee of this District; (b) relevant state and federal taxing bodies; (c) the Securities and Exchange Commission; (d) an aggregate list of the thirty (30) largest unsecured creditors of the Debtors.; and (e) the relevant insurance companies involved in these cases. In light of the nature of the relief requested, the Debtors submit that no other or further notice is necessary.

CONCLUSION

WHEREFORE, the Debtors respectfully request that this Court enter an order, in substantially the form attached as Exhibit A, (i) directing the joint administration of the Debtors' chapter 11 cases and the consolidation therefore for procedural purposes only; and (ii) granting such other relief as this Court may deem just and proper.

Dated: September 10, 2009

A&O LIFE FUND, LLC, et. al.
Debtors and Debtors in Possession

By: /s/ Miriam R. Stein
One of Their Proposed Attorneys

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